

10/28

DEEMER

CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

JEFFERSON COMMUNITY HEALTH CARE CENTER, INC.

Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2008

Deemer CPA and Consulting Services, LLC

P.O. Box 870847 • New Orleans, Louisiana 70187 • 504.401.9581 • Fax 504.245.5886

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/18/10

Jefferson Community Health Care Center, Inc.
Table of Contents

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Functional Expenses	9
Schedule of Governmental Financial Assistance	10
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11-12
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	13-14
Summary Schedule of Findings and Questioned Costs	15
Current Year Schedule of Findings and Questioned Costs	16-27
Status of Prior Audit Findings	28



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

Independent Auditor's Report

**To the Board of Directors of
Jefferson Community Health Care Center, Inc.:**

I was engaged to audit the accompanying statement of financial position of Jefferson Community Health Care Center, Inc. (a non-profit organization) (hereinafter referred to as JCHCC) as of December 31, 2008, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of JCHCC management.

The accounting and reporting process for patient revenue, grant revenue, payroll, cash disbursements, fixed assets, and accounts/grants receivables and accounts payable were ineffective during the year ended December 31, 2008.

Additionally, the management of Jefferson Community Health Care Center, Inc. was unable to provide supporting documentation for most of the previously mentioned financial statement accounts. There were changes and deletions made to the accounting files without explanation. As a result, the accuracy and appropriateness of the transactions and balances contained within these accounts was indeterminable. Management also would not provide written representations regarding the audit through the signing of the management representation letter.

Due to the significance of the matters described above, and since the scope of work was not sufficient, I am unable to express and I do not express, an opinion on the financial statements of the Jefferson Community Health Care Center, Inc.

In accordance with Government Auditing Standards, I have also issued my report dated February 23, 2010 on my consideration of Jefferson Community Health Care Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of JCHCC taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Deemer, CMA and Consulting Services, LLC

New Orleans, Louisiana

February 23, 2010

Jefferson Community Health Care Centers, Inc.
Statement of Financial Position
As of December 31, 2008

Assets

Cash	\$ 5,150,639
Patient and Contract Receivable	1,022,404
Due from others	23,013
Deposit	<u>5,924</u>
Total Current Assets	6,201,980

Fixed Assets

Leasehold Improvements	277,350
Office and Medical Equipment	444,679
Accumulated Depreciation	<u>(110,444)</u>
Total Fixed Assets (Net)	611,585
Total Assets	<u>\$ 6,813,565</u>

Liabilities and Net Assets

Accounts Payable	\$ 63,376
Accrued Payroll Expense	106,615
Deferred grant revenue	<u>3,054,307</u>
Total Current Liabilities	3,224,298

Net Assets

Unrestricted	<u>3,589,267</u>
Total Net Assets	<u>3,589,267</u>
Total Liabilities and Net Assets	<u>\$ 6,813,565</u>

The accompanying notes are an integral part of these financial statements

Jefferson Community Health Care Centers, Inc.
Statement of Activities
For the Year Ended December 31, 2008

	<u>Unrestricted</u>
Revenues	
Contract Revenue	\$ 5,489,245
Insurance Carrier Payments	894,927
Private Patient Payments	570,725
In-Kind Contributions	252,000
Fundraising Income	2,100
Other Revenue	<u>38,195</u>
Total revenues	<u>7,245,192</u>
Expenses	
Program Services	\$ 6,417,102
Support Services	<u>0</u>
Total Expenses	<u>6,417,102</u>
Change In Net Assets	\$ 828,090
Net Assets At Beginning Of Year	<u>2,761,177</u>
Net Assets At End Of Year	<u><u>\$ 3,589,267</u></u>

The accompanying notes are an integral part of these financial statements.

Jefferson Community Health Care Centers, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 828,090
Adjustments to Reconcile Net Revenues over Expenditures	
Changes in Operating Assets and Liabilities	
Patient and Contract Receivable	(428,000)
Due From Others	(20,863)
Accounts Payable	42,950
Payroll Liabilities	82,719
Payroll Liabilities-Direct Deposit Liabilities	1,545
Deferred Revenue	<u>1,614,587</u>
Net Cash Provided by Operating Activities	2,121,028

Cash Flows From/(Used) in Investing Activities:

Purchase/Sale of Property	(274,535)
---------------------------	-----------

Cash Flows From Financing Activities:

Net Cash Provided by Financing Activities	<u>(23,368)</u>
Net Cash Increase for Period	1,823,125
Cash, At Beginning of Period January 1, 2008	<u>3,327,514</u>
Cash, At End of Period December 31, 2008	<u><u>\$ 5,150,639</u></u>

The accompanying notes are an integral part of these financial statements.

Jefferson Community Health Care Center, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2008

1. Summary of Significant Accounting Principles

General - Jefferson Community Health Care Center, Inc. (JCHCC) is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide healthcare services including medical, mental health, optometry and social services to underinsured and uninsured citizens of Jefferson Parish. The federally qualified health center has locations in Avondale, Marrerro, and RiverRidge, Louisiana.

Basis of Accounting - JCHCC's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment - Improvements which significantly extend the useful life of an asset and purchases of furniture, fixtures and equipment in excess of \$5,000 are capitalized. The straight line method of depreciation is used for the assets owned by JCHCC.

Income Taxes - JCHCC has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash - Cash is comprised of cash on hand and in banks. JCHCC considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. Management has not experienced losses in the past from either of its banking institutions and does not believe its exposed to a significant amount of credit risk.

2. Net Assets - A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by JCHCC and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2008, JCHCC had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

3. Patient/Contracts Receivable

At December 31, 2008, accounts receivable included patient and contract payments receivable. Patient receivables are maintained on the books for six (6) months before they are considered uncollectible by JHCC. JCHCC uses grant funds to make up the short fall in receivables for indigent patient care. Contract payments are considered fully collectible.

5. Significant Concentration

The organization receives approximately 90% of its revenue from contracts with governmental agencies and a local private hospital. If significant changes are made at the federal and/or local level regarding the use of community health care centers to provide services to indigent and underinsured patients, the amount of contract revenue that JHCC receives could be significantly reduced. This could have an adverse impact on the centers' operations. As of the date of this report, management is not aware of any actions that will adversely affect the amount of revenue it will receive for the current year.

6. Lease Obligations

Capital Lease

The organization entered into a lease agreement with a lending institution to finance the purchase of a medical billing system, which included software, equipment, installation, licenses and training. The 60-month non-cancelable lease has monthly payments of \$1,010.78. The minimum annual payments under the lease are as follows:

<u>Year end</u>	<u>Amount</u>
2008	12,129
2009	<u>12,720</u>
Total	<u>\$24,849</u>

7. Advertising and Promotional Expenses

JCHCC uses advertising to promote the operations of its clinics and the costs associated with advertising are expensed when incurred.

8. Board of Directors Compensation

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2008.

9. In-Kind Contributions

Jefferson Community Health Care Center, Inc. was housed at West Jefferson Medical Center (WJMC). The WJMC allowed JCHCC to occupy the premises for the purpose of operating its independent outpatient medical clinic. The value of occupying this space is estimated at \$132,000. The In-Kind Donation is recorded as revenue and has a corresponding expense.

SUPPLEMENTAL INFORMATION

Jefferson Community Health Care Centers, Inc.
Statement of Functional Expenditures
For the Year Ended December 31, 2008

	PROGRAM SERVICES	SUPPORTING SERVICES	
	Community Health Care	Management & General	TOTALS
Operating Expenses:			
Payroll Expenses	2,459,111	-	2,459,111
Fringe Benefits	465,219	-	465,219
Professional Fees -	-	-	-
Accounting / Legal	-	-	-
Professional Develop	49,468	-	49,468
Depreciation	50,022	-	50,022
Insurance	58,417	-	58,417
Interest Expense	23,346	-	23,346
Advertising/Marketing	161,257	-	161,257
Contracted Services	880,598	-	880,598
Computer Expense/P.M.	73,661	-	73,661
Rent Expense	430,538	-	430,538
Telephone/Communications	82,765	-	82,765
Printing & Reproduction	1,741	-	1,741
Bank Service Charges	2,163	-	2,163
Community Outreach	26,068	-	26,068
Bad Debt Expense	865,087	-	865,087
Dues, Memberships and Subscrip	14,756	-	14,756
Licenses	2,571	-	2,571
Miscellaneous	3,439	-	3,439
Donations	1,250	-	1,250
Medical Supplies	175,008	-	175,008
Equipment Expense	121,494	-	121,494
Office Supplies and Expense	122,272	-	122,272
Postage & Delivery	4,780	-	4,780
Program Expenses	955	-	955
Repairs and Maintenance	133,964	-	133,964
Security	62,871	-	62,871
Travel & Conferences	108,603	-	108,603
Utilities	35,678	-	35,678
TOTAL	<u>\$ 6,417,102</u>	<u>\$ -</u>	<u>\$ 6,417,102</u>

See Independent Auditor's Report.

**Jefferson Community Health Care Center
Schedule of Governmental Financial Assistance
For the Year Ended December 31, 2008**

<u>Grantor</u>	<u>CFDA Number</u>	<u>Revenues</u>
U.S. Department Of Health and Human Services: Health Resources and Services Administration	93.224	\$1,192,196
*Social Services Block Grant	93.667	\$1,420,987
*PCASG-Primary Care and Access Stabilization Grant	93.779	\$2,276,062
Total Governmental Financial Assistance		\$4,889,245

Note: The accompanying schedule of expenditures of governmental financial assistance is prepared on the accrual basis of accounting.

*Major programs as indicated by OMB Circular A-133

The accompanying notes are an integral part of these financial statements.



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To the Board of Directors of
Jefferson Community Health Care Center, Inc.

I have audited the financial statements of Jefferson Community Health Care Center, Inc. (JCHCC) as of and for the year ended December 31, 2008, and have issued my report thereon dated February 23, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered JCHCC's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JCHCC's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of JCHCC's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 08.01 through 08.13 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. The significant deficiencies mentioned above as 08.01 through 08.13, are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JCHCC's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 08.01 through 08.13.

This report is intended solely for the information and use of management, JCHCC Board of Directors, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.


February 23, 2010



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**Report on Compliance With Requirements Applicable to Each Major Program and
on Internal Control Over Compliance in Accordance With OMB Circular A-133**

To the Board of Directors of
Jefferson Community Health Care Center, Inc.

Compliance

I have audited the compliance of Jefferson Community Health Care Center, Inc. (JCHCC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. JCHCC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of JCHCC's management. My responsibility is to express an opinion on JCHCC's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JCHCC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of JCHCC's compliance with those requirements.

As described in items 08.1 through 08.13 in the accompanying schedule of findings and questioned costs, JCHCC did not comply with requirements regarding Procurement, Suspension and Debarment, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Monitoring, Cash Management, Eligibility and Reporting that are applicable to its Social Services Block Grant and the PCASG-Primary Access and Stabilization Grant. Compliance with such requirements is necessary, in my opinion, for JCHCC to comply with requirements related to its major federal programs.

In my opinion, because of the effects of the noncompliance described in the preceding paragraph, JCHCC did not comply in all material respects, with the requirements referred to above that are applicable to its major federal programs.

Internal Control Over Compliance

The management of JCHCC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered JCHCC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of JCHCC's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08.1 through 08.13, are significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The *significant deficiencies in internal control* over compliance described in the accompanying schedule of findings and questioned costs are considered to be material weaknesses.

This report is intended solely for the information and use of management, JCHCC's Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deemer CPA & Consulting Services, LLC
February 23, 2010

Jefferson Community Health Care Center, Inc.
Summary Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

I have audited the financial statements of Jefferson Community Health Care Center, Inc. as of and for the year ended December 31, 2008, and have issued my report thereon dated February 23, 2010. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 31, 2008.

1. Summary of Auditor's Results

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **Yes**
- C. Control Deficiencies over major programs: **Yes**
Material Weaknesses: **Yes**
- D. The type of report issued on compliance for major programs: **Adverse Opinion**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major programs: **Department of Health and Human Services, Social Services Block Grant, CFDA Number 93.667 and PCASG-Primary Care Access and Stabilization Grant, CFDA Number 93.779.**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**

Jefferson Community Health Care Center, Inc.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2008

Section II - Financial Statement Findings

08.1 Incomplete, Untimely, and Un-reconciled Financial Statements

Criteria:

Financial statements should be completed and reconciled on a monthly basis. Additionally, at the end of each fiscal year, the statements should be reviewed for required year-end adjustments and/or reclassifications.

Condition:

Bank accounts remain un-reconciled for the year ended December 31, 2008 and the financial statements of the clinic appear to be incomplete and inaccurate.

Cause:

An appropriate level of supervision and independent review related to accounting was not provided by the Jefferson Community Health Care Center's business office.

Effect:

Without complete, reconciled financial statements maintained in a timely manner, the financial condition of an organization is indeterminable. Additionally, there is a substantial risk that omissions, errors, and/or irregularities can exist and not be detected.

Recommendation:

It is recommended that the Jefferson Community Health Care Center, Inc. employ an adequate accounting staff who will be required to submit complete and reconciled financial statements on a monthly basis to both upper level management and the Board of Directors.

08.2 Commingling of Funds

Criteria:

The Jefferson Community Health Care Center receives funding from various federal, state, and local governmental agencies. The rules and regulations of those agencies forbid commingling of funds.

Condition:

It was noted that separate classes of expenses were generated to record clinic transactions, however, most of the account classes were not utilized.

Cause:

Ineffective internal controls in the accounting department, and a lack of communication regarding the recording of expenditures is apparent.

Effect:

The failure to properly utilize the expense classes has led to improperly recorded transactions and an inability to report to the various funding sources where their particular funds were spent.

Recommendation:

An accounting file with appropriate expenses classes must be utilized.

08.3 Fixed Assets Schedule Not Maintained

Criteria:

The Louisiana State Revised Statute 24:515(b) requires that all governments "shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable."

Condition:

A fixed asset detail was requested to account for the change in fixed assets from the prior fiscal year but it was not provided.

Effect:

The lack of adequate internal controls over fixed assets and accounting in general, compromises the safeguarding of assets. Additionally, the fixed asset amount included in the financial statements could not be fully tested.

Recommendation:

Adequate policies and procedures relating to fixed assets should be adopted and fully implemented in the business office of the clinic.

08.4 Operations and/or Accounting Manuals Not Updated

Criteria:

Adequate internal controls relating to personnel actions and general operations require a current reference point for employees to ensure their adherence to best practices and the organizations' policies.

Condition:

The organization did not have updated, written operations and/or accounting manuals on file during the year ended December 31, 2008.

Cause:

It was indeterminable as to why the manuals or written policies and procedures are not being updated yearly.

Effect:

There was an overall lack of knowledge, or adherence to certain policies and procedures that would have allowed for "best practices" to occur at the health clinic. As such, certain assets are missing and accounting records are deficient.

Recommendation:

Operating and Accounting Manuals must be maintained and updated annually. They should be provided to staff as a reference point that is deemed important to day to day operations of the organization.

08.5 ATM Purchase Details Unavailable

Criteria:

The proper adoption and implementation of internal controls will ensure accountability with regards to the disbursement of funds and subsequent reporting of those transactions in an organization. A debit card can secure purchases without any prior request or approval of clinic officials.

Condition:

There were general ledger postings entitled ATM, without a supporting documentations on the items purchased and/or the persons responsible for the purchases. Supporting documentation for ATM purchases were not made available during my attempt to audit the financial statements of the clinic.

Cause:

The use of a debit card does not allow for proper approval of expenditures and makes it difficult to maintain appropriate documentation on file related to expenditures.

Effect:

The lack of adequate controls related to cash disbursements may have resulted in unauthorized purchases.

Recommendation:

It is recommended that all debit card accounts be closed and the Jefferson Community Health Care Center, Inc. utilize a purchase requisition and/or purchase order system.

08.6 Inadequately Documented Employee Earnings

Criteria:

Internal controls related to payroll and human resources, requires an employee file to include the duties, position, and salary amount for each employee.

Condition:

Payments were made to several employees outside of the normal payroll process without appropriate documentation.

Cause:

There was a lack of internal controls relating to payroll and cash disbursements at the Jefferson Community Health Care Center, Inc.

Effect:

The lack of adequate internal control implementation significantly increases the risk that material errors and irregularities could exist and not be detected.

Recommendation:

Internal control implementation must be improved in the business offices of the health clinic.

08.7 No Supporting Documentation on Various Expenditures

Criteria:

An organization should maintain records in such a manner that an "audit trail" is available on all transactions.

Condition:

During my attempt to audit the financial statements of the Jefferson Community Health Care Center, Inc., several requests were made for canceled checks and/or copies of negotiated checks with bank statements, complete contract files, complete invoices files, bid files, etc. The information provided was grossly inadequate and in most cases simply not provided.

Cause:

Insufficient maintenance of supporting documentation is the result of a lack of internal controls relating to cash disbursements.

Effect:

Cash disbursements have been made and there may be errors, and/or irregularities that exist but may not be detected due to the lack of documentation maintained at the clinic.

Recommendation:

Supporting documentation should be maintained on file for all cash disbursements. This information should be readily available for review.

08.8 Delinquent Audit Report Submission

Criteria:

According to Louisiana Revised Statute 24:513A.(5)(a), ".....audits shall be completed within six months of the close of the entity's fiscal year."

Condition:

The audit of the financial statements of the Jefferson Community Health Care Center, Inc. was not completed within six months of the close of the entity's fiscal year.

Cause:

The audit was not engaged timely.

Effect:

The organization's inability to provide audited financial statements within the required timeframe may result in further review by the State Legislative Auditor and/or other funding sources.

Recommendation:

The Jefferson Community Health Care Center, Inc. should engage an auditor in a timely manner and make available all required documentation for audit.

08.9 Bid Files Not Maintained

Criteria:

Federal rules and regulations require that bids be secured for certain purchases and/or procurement of services.

Condition:

Certain purchases were made and contracts entered into without requests for bids and/or responses to the requests to support the selection process followed.

Cause:

There is an overall lack of policies and procedures followed to make cash disbursements at the Jefferson Community Health Care Center, Inc.

Effect:

Certain contracts and/or purchases were made that may not have benefited the organization.

Recommendation:

It is recommended that bids be requested, received, and maintained on file for certain purchases and/or requests for services.

08.10 Unpaid Payroll Taxes

Criteria:

Payroll taxes must be remitted timely and in accordance with federal rules and regulations.

Condition:

There is an outstanding payroll liability with both the Federal government and the State of Louisiana. The amount was indeterminable by the agency's staff, however they do acknowledge that payroll remains unreconciled and that tax notices are received regularly.

Cause:

The Jefferson Community Health Care Center, Inc. has incurred tax expenses that have gone unpaid.

Effect:

There could be future sanctions taken by both the federal and state government regarding the nonpayment of payroll taxes.

Recommendation:

It is recommended that the Jefferson Community Health Care Center, Inc. pay all payroll taxes timely and in accordance with federal and state rules and regulations.

08.11 Travel Costs Paid for Personal Trips

Criteria:

Best practices for sound fiscal management requires an implemented internal control system that would ensure that expenditures are approved and in accordance with budgeted items that benefit the organization.

Condition:

Plane tickets were purchased for personal trips utilizing the funds of the Jefferson Community Health Care Center, Inc.

Cause:

An overall lack of internal controls over cash disbursements caused the purchase of these tickets for personal trips.

Effect:

The assets of the Jefferson Community Health Care Center, Inc. were not safeguarded against loss and misuse.

Recommendation:

It is recommended that internal controls be implemented which will ensure the safeguarding of the assets of the Jefferson Community Health Care Center, Inc.

Section III – Federal Awards

The following items listed in the financial statements section also apply to the federal awards:

08.1 through 08.11

08.12 Maintenance of Required Federal Reports

Criteria:

The federal grant from the Department of Human Services requires the submission of an FSR (Financial Status Report) within ninety days of the expiration of the budget period.

Additionally a Medicare Cost Report must be filed each year.

Condition:

I was unable to test the reporting requirements of the major federal program since these reports were not completed.

Cause:

The information was not provided during the audit.

Effect:

I could not determine the accuracy of the information reported to the grantor.

Recommendation:

All required information both financial and reporting must be completed and maintained on file.

08.13 Grant Documents Incomplete

Criteria:

Copies of all grant documents should be maintained on file for future reference relative to revenue reporting and compliance with grant terms.

Condition:

Grant documents were available but incomplete.

Cause:

It was indeterminable as to why the grant documents were incomplete.

Effect:

The grant requirements were not completely detailed or provided for audit.

Recommendation:

All grant files should be complete and maintained on file for reference and review.

Jefferson Community Health Care Center, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2008

06-01 Delinquent Audit Report Submission

Unresolved

This audit finding is both a current and prior year finding.